Pensions Policy Institute

PPI

What impact has the COVID-19 pandemic had on underpensioned groups?

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The PPI, established in 2001, is a not-for-profit educational research organisation, with no shareholders to satisfy – so our efforts are focussed on quality output rather than profit margins. **We are devoted to improving retirement outcomes**. We do this by being part of the policy debate and driving industry conversations through facts and evidence.

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Our **independence** sets us apart – we do not lobby for any particular policy, cause or political party. We focus on the facts and evidence. Our work facilitates informed decision making by showing the likely outcomes of current policy and illuminating the trade-offs implicit in any new policy initiative.

Our Vision:

Better informed policies and decisions that improve later life outcomes

We believe that better information and understanding will help lead to a better policy framework and a better provision of retirement income for all.

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To promote informed, evidence-based policies and decisions for financial provision in later life through independent research and analysis

We aim to be the authoritative voice on policy on pensions and the financial and economic provision in later life.

By supporting the PPI, you are aligning yourself with our vision to **drive better-informed policies and decisions that improve later life outcomes** and strengthening your commitment to better outcomes for all.

As we look forward now to the next 20 years, we will continue to be the trusted source of information, analysis, and impartial feedback to those with an interest in later life issues. The scale and scope of policy change creates even more need for objective and evidence-based analysis. There is still much to do, and we look forward to meeting the challenge head on.

For further information on supporting the PPI please visit our website: www.pensionspolicyinstitute.org.uk or contact Danielle Baker, Head of Membership & External Engagement, at danielle@pensionspolicyinstitute.org.uk

The future is ever changing, but the PPI remains a constant "Voice of Reason" in the ongoing debate on the future of retirement in the UK.

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John joined the PPI in 2008 from Hewitt Associates. At Hewitt he worked primarily on modelling of standard and non-standard Defined Benefit pension scheme calculations for the consultants to present to the clients.

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The Pensions Policy Institute (PPI)

The PPI is an educational, independent research organisation with a charitable objective to inform the policy debate on pensions and retirement income provision. The PPI's aim is to improve information and understanding about pensions and retirement provision through research and analysis, discussion and publication. It does not lobby for any particular issue or reform solution but works to make the pensions and retirement policy debate better informed.

Pensions affect everyone. But too few people understand them and what is needed for the provision of an adequate retirement income. The PPI wants to change that. We believe that better information and understanding will lead to a better policy framework and a better provision of retirement income for all. The PPI aims to be an authoritative voice on policy on pensions and the provision of retirement income in the UK.

The PPI has specific objectives to:

- Provide relevant and accessible information on the extent and nature of retirement provision
- Contribute fact-based analysis and commentary to the policy-making process
- Extend and encourage research and debate on policy on pensions and retirement provision
- Be a helpful sounding board for providers, policy makers and opinion formers
- Inform the public debate on policy on pensions and retirement provision.

We believe that the PPI is unique in the study of pensions and retirement provision, as it is:

- Independent, with no political bias or vested interest
- Led by experts focused on pensions and retirement provision
- Considering the whole pension framework: state, private, and the interaction between them
- Pursuing both academically rigorous analysis and practical policy commentary
- Taking a long-term perspective on policy outcomes on pensions and retirement income
- Encouraging dialogue and debate with multiple constituencies

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A Pensions Policy Institute report

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What impact has the COVID-19 pandemic had on underpensioned groups?

Executive Summary

This report explores the impact of the COVID-19 pandemic on underpensioned groups in two parts: the short-term impacts that have been experienced by underpensioned groups over 2020-21, and the longer-term impacts which may affect their retirement outcomes over years to come.

Certain groups are at greater risk of experiencing poorer retirement outcomes:

- Women, especially single mothers and divorced women
- People from BAME backgrounds
- Disabled people
- Carers
- Multiple job holders
- The self-employed

The crisis has provided a unique opportunity to observe how economic crises affect members of underpensioned groups. Developing a deeper understanding of the way in which changes in the labour market can impact future retirement outcomes of underpensioned groups can help to ensure that policies are designed to support them more effectively during the recovery from the pandemic-related economic crisis, as well as future crises and changes in the labour market.

Policies aimed at improving the retirement outcomes of underpensioned groups will be most effective if they take account of the way in which they have been disproportionately affected by negative labour market effects during the pandemic

Underpensioned groups are disproportionately affected by negative changes in the labour market precipitated by economic crises. During the last year and a half, members of underpensioned groups have been more likely to experience unemployment, furlough and reduced income as a result.

Palliative policies which helped to minimise the negative impact for many in underpensioned groups during the peak of the pandemic are no longer in place. For example, the Government Job Retention Scheme, which helped to protect job security and pension contributions for those who were furloughed, came to an end in September 2021. However, the long-term labour market effects of the crisis continue to disproportionately disadvantage underpensioned groups, which may mean that the gap between average retirement outcomes and those of underpensioned groups will increase for those affected.

In order to avoid greater gaps in retirement outcomes in future, Government benefits policies will be most effective if they take into account the enhanced difficulties underpensioned groups may face in relation to finding secure employment during the economic recovery, and the corresponding increased level of reliance they may have on the State Pension and benefits in retirement. Focus will need to be on ensuring that working-age benefits provide sufficient income and support to protect underpensioned groups from an erosion of financial resilience during periods of unemployment or less secure employment, for example through difficulties keeping up with bills, run down of savings and greater likelihood of increased debt.

Policies regarding uprating of the State Pension should take into account the increased level of reliance underpensioned groups, who are already more reliant than average on the State Pension and benefits for income in retirement, are likely to have, and the disproportionate impact changes to uprating mechanisms may therefore have on underpensioned groups.

Consideration of the adequacy of current contribution rates and the coverage of automatic enrolment are an important component of efforts to mitigate the negative impact of labour market gaps on the retirement outcomes of underpensioned groups

With underpensioned groups being disproportionately impacted by disruption to employment patterns and pension contributions, it is even more vital to their future retirement outcomes to ensure that they are saving enough while in employment to help to mitigate these gaps. While automatic enrolment has increased pension participation among underpensioned groups, they are disproportionately likely to be found ineligible due to differences in labour market participation. Implementing the recommendations made by the 2017 Automatic Enrolment review will increase eligibility among underpensioned groups by:

- Lowering the age threshold for automatic enrolment from 22 to 18 years old, and
- Removing the lower limit of the ‘qualifying earnings band’ so that contributions are paid from the first pound earned.

Removing the lower limit for qualifying earnings will be especially beneficial for members of underpensioned groups on low incomes, who will receive a greater proportional boost to pension savings as a result. These changes are currently expected in the mid-2020s. However, introducing them as soon as possible will enable the pension savings of underpensioned groups that may have been negatively affected by the pandemic to recover more quickly.

Among those who have been automatically enrolled, current minimum contribution levels are insufficient for most people to replicate working-life living standards in retirement. For members of underpensioned groups on low incomes, increasing employee contribution rates is likely to be unrealistic and mandating increases in the minimum could lead to increased opt out rates. However, reviewing the minimum contribution required by employers, without the need for increased employee contributions, could have a substantial positive impact on the retirement outcomes of underpensioned groups.

Greater access to flexibility in employment could help to close the gender pensions gap, as well as supporting carers and people with disabilities to achieve better retirement outcomes, by increasing labour market engagement

The Underpensioned Index (2020) identified that for some underpensioned groups, especially mothers, carers and disabled people, labour supply issues may make policies aimed at increasing employment rates more challenging in practice. Policies aimed at increasing accessibility in the workplace and providing more flexible working arrangements could help to alleviate lower levels of employment among these groups, increasing labour market engagement and the likelihood of achieving more positive retirement outcomes as a result. Gender differences in childcare and the actions that policy and employers can take to make this more equal, while supporting those with caring responsibilities, could help to decrease existing gaps in retirement outcomes. However, it will be important to monitor the longer-term impact of greater flexibility on career progression, income and pension contributions. A better understanding of how labour market changes impact retirement outcomes of underpensioned groups over the long-term will enable policies to be designed that most effectively support these groups to achieve better retirement outcomes.

Time spent out of the labour market disrupts the consistency of pension contributions and is therefore likely to lead to poorer retirement outcomes for those in underpensioned groups who were disproportionately affected by negative labour market effects during the pandemic

Because being underpensioned is closely correlated with inequalities during working life, the disproportionately negative impact that the pandemic has had on these groups' employment, income and financial resilience is likely to further increase their risk of experiencing poorer retirement outcomes. Unemployment rates grew quickly in 2020, with some underpensioned groups disproportionately affected, especially people from BAME backgrounds, although the furlough scheme protected against more severe impacts on the labour market. Unemployment reached a peak of 5.2% in Q4 2020, from a low of 3.8% in Q4 2019.[1] Rates of economic inactivity also increased during the pandemic, from 20.5% in Q4 2019 to a peak of 21.4% in Q1 2021.[2] COVID-19 also led to many people being furloughed, going part time, or having to change jobs. While furlough has an impact on immediate income, the Government Job Retention Scheme has helped to protect against further increases in unemployment, protecting job security for the longer-term. People in underpensioned groups were more likely than average to experience labour market inequalities and be affected by furlough and redundancies during the pandemic, as they are more likely to work in the industries most impacted by the public health restrictions such as retail, hospitality and tourism, or are in low-paid, part-time or irregular employment.

It remains to be seen what the impact of the furlough scheme coming to an end (in September 2021), and potential subsequent job losses, will be on employment rates and incomes, and whether longer-term impacts on economic growth could have a negative effect on employment rates and wage growth in years to come. Members of underpensioned groups are especially concerned about the impact this may have on their career progression moving forward. Half (50%) of employed BAME women and 43% of employed white women say they are worried about their job or promotion prospects due to the pandemic, compared with 35% of employed white men.[3] Gender differences in divisions of labour when working from home have the potential to hinder progress to close the gender pay gap if performance is impacted.[4] Any policy initiatives aimed at encouraging greater employment flexibility on a longer-term basis would need to consider these challenges.

On average, underpensioned groups have lower levels of financial resilience, and were less able to keep up with bills, more likely to run down savings and more likely to fall into debt during the pandemic, which may impact their ability to save for later life over the longer-term

There is evidence that low-income households were less able to save and more likely to run down savings than households with higher income. Between February 2020 and June 2021, 32% of people in the lowest income quintile experienced a fall in savings and 12% had a rise. 9% of people in the highest income quintile experienced a fall, while 47% had an increase in savings.[5] Women and people from BAME backgrounds are likely to have lower levels of financial resilience compared to other groups, and this manifested in greater difficulty keeping up with bills and increasing debt levels during the pandemic. Members of underpensioned groups are likely to need greater support to recover from the pandemic, in terms of catching up on missed bill payments, reducing debt levels and increasing savings back to pre-pandemic levels.

1 ONS (2021a)

2 ONS (2021b)

3 Fawcett Society (2020a)

4 IFS (2020)

5 Handscomb, Henehan & Try (2021)

The Government Job Retention Scheme helped to minimise the impact of the pandemic on many, but some people made individual decisions to cease or reduce contributions, while those who became unemployed will have experienced the greatest disruption to contributions

While employees were furloughed, employers were still required to pay pension contributions at least at minimum automatic enrolment contribution levels (3% for employer). The requirement to continue paying pension contributions for furloughed staff has minimised the impact of the pandemic on pension contributions and eventual retirement outcomes for these individuals. However, while on furlough and receiving 80% of usual pay, pension contributions were based on this reduced level of income so experienced a 20% reduction compared to pre-pandemic contributions. Those who became unemployed during the pandemic, rather than being furloughed, did not have the benefit of protected pension contributions and so are more likely to experience longer-term damage to their pension pot value as a result. The self-employed, who were covered by a different income support scheme (Self-Employment Income Support Scheme), and a group among whom pension contributions were already low on average, will also have experienced disruption to contributions where income has been impacted by the pandemic.

Short-term decisions about accessing pension savings during the pandemic are likely to impact sustainability of pension savings over the longer term

Short-term decisions made about whether or not to access pension savings during the peak of the pandemic can have a substantial impact on the sustainability of pension savings and the rate of income that can be drawn over the longer term. Those who were unable to postpone accessing their savings when the market was at its lowest are likely to have suffered more material losses, having locked in negative returns by making withdrawals, than those who were able to leave their savings more time to recover.

The prevailing view was that savers could benefit from delaying access to their pension pot for as long as possible in order to give it time to recover as much as possible, as well as making additional contributions to help restore pension pot values more quickly, if possible. The number of Defined Contribution (DC) pots accessed declined significantly in 2020, suggesting that savers were, understandably, cautious about accessing savings during a period of volatility. However, in practice these options would be more challenging for some savers than others. Those on lower incomes, as well as those who were furloughed (both of which were overrepresented among underpensioned groups), will find it harder to make additional contributions, and may also have found it more difficult to postpone retirement in order to delay accessing their savings - as those on low incomes tend to have lower levels of non-pension wealth upon which they could draw in order to bridge the gap. They are also more likely to experience disability or long-term illness at younger ages that can make working longer harder.[6]

While economic recovery appears to be moving in the right direction, the end of furlough could lead to increases in unemployment and reductions in income moving forward

While the Government Job Retention Scheme has helped to support job security during the peak of the pandemic, it remains to be seen how employment rates may change now that the scheme has come to an end. While the scheme ended in September 2021, data on how this has impacted unemployment rates remains limited. 1.14 million employees remained fully furloughed by the end of the scheme. However, given that there was a requirement for increasing employer contributions towards the end of the scheme, it is unlikely that all of these will be made unemployed, else employers would likely have made these workers redundant prior to the increases in required employer contributions to salary. There are, however, likely to be some further redundancies, perhaps particularly in sectors that are still affected by Government restrictions, such as international travel. While employment rates and incomes have largely returned to pre-pandemic levels, potential longer-term impacts on economic growth could have a negative effect on employment rates and wage growth in years to come.

6 PPI (2019) *Living through later life*

Changes to the way that the State Pension is uprated may have a disproportionate impact on members of underpensioned groups who are likely to be more heavily dependent on State Pension income in retirement

The Triple Lock, the mechanism by which the State Pension is uprated each year, has been suspended for 2022-23. In ordinary circumstances, under the Triple Lock, State Pension income is uprated by the higher of inflation (measured by the Consumer Prices Index (CPI)), earnings increases or 2.5%. For 2022-23, the State Pension will be uprated by 3.1% (in line with CPI). This is a temporary suspension in response to wage inflation resulting from the end of the furlough scheme. However, there are concerns that this could lead to more permanent changes in future, as there have been debates about the sustainability of the Triple Lock for some time. Any permanent changes to the way that State Pension is uprated would have a disproportionate impact on members of underpensioned groups, who are likely to be more heavily dependent on the State Pension for income in retirement. Longer-term changes to the Triple Lock would need to take account of equality issues which may arise as a result.

The longer-term effects of COVID-19 on health and life expectancy are likely to impact the sustainability of pensions, as well as the length and quality of retirement for some people

It is currently expected that, in addition to the loss of life in the short term, the pandemic could have a negative effect on health and life expectancy in the longer term. COVID-19 is considered likely to become endemic, resulting in further loss of life in future winters. The long-term toll on the NHS of the pandemic is shown in the non-COVID-19 patient backlog that has risen to more than four million. The high projected level of unemployment is also expected to feed through in higher demands on health services.[7] While there is a positive effect on future mortality rates following the very significant breakthroughs in vaccine development as a result of COVID-19, this could be small in comparison to other issues faced by the UK health system. As a result, some actuaries are projecting a seven-month reduction in the life expectancy of a typical 65-year-old. People from BAME groups, who are disproportionately affected by the virus, may face higher than average levels of impact on life expectancy.[8]

7 McIvor (2020)

8 FCA (2021a)

Introduction

Analysis of retirement income and experiences suggests that certain groups in society are at greater risk of experiencing poorer retirement outcomes. Characteristics that can increase this risk include: women, BAME heritage, disability, caring responsibilities, self-employment and multiple job holders. The Underpensioned Index (2020) explored the retirement incomes of these groups and compared their financial position to that of the average in order to create income indices by which inequalities can be measured over time. The report identified that inequalities during working life, especially in the labour market but also in housing, contribute to increased risk of experiencing inadequate retirement outcomes in later life.

The COVID-19 pandemic had a rapid and substantial impact on many aspects of the labour market, as well as causing volatility and uncertainty in the stock market which had an immediate impact on pension pots. As the UK moved into lockdown in March 2020, there was a rise in unemployment, and many people were furloughed, transitioned to part-time work or had to change jobs. The financial impact was felt most significantly by those on low incomes and with low levels of financial resilience, who are overrepresented in underpensioned groups. Now (December 2021) that the economy has largely opened back up, although some sectors, such as international travel, remain affected, some aspects of recovery have been rapid, while others may have negative consequences over the longer term. This report explores the impact of the pandemic on underpensioned groups in two parts: the short-term impacts that have been experienced by underpensioned groups over 2020-21, and the longer-term impacts which may affect their retirement outcomes over years to come.

Chapter One outlines the underpensioned challenge, as identified in previous PPI research, including the comparative retirement incomes of underpensioned groups and the inequalities during working life that increase the risk of being underpensioned.

Chapter Two explores the immediate impact that the COVID-19 pandemic has had on Underpensioned groups, including employment, income, financial resilience and pension saving.

Chapter Three sets out the potential long-term consequences of the COVID-19 pandemic on underpensioned groups and their ability to achieve adequate retirement outcomes.

Chapter One: Why are underpensioned groups at greater risk of poorer retirement outcomes?

Chapter One outlines the underpensioned challenge, as identified in previous PPI research, including the comparative retirement incomes of underpensioned groups and the inequalities during working life that increase the risk of being underpensioned.

Certain groups are at greater risk of experiencing poorer retirement outcomes:

- Women, especially single mothers and divorced women
- People from BAME backgrounds
- Disabled people
- Carers
- Multiple job holders
- The self-employed

This chapter provides an overview of the labour market inequalities that can lead to poorer retirement outcomes for underpensioned groups and the current differences between retirement incomes of these groups and the population average.

Comparative income is important because it tells us about relative standards of living, which affect opportunities, physical and mental health, and reveals inequalities in society. When considering issues of inequality between population groups, it is important to consider not just how individuals' retirement living standards compare to those they experienced during working life, but also how they compare to other retirees.

Many people in underpensioned groups will experience lower standards of living in retirement as a result of labour market inequalities during working life

Compared to the population average, underpensioned groups have:

- Lower employment rates and higher levels of part-time work: Time out of full-time work can reduce private pension savings and income. Time spent out of work or working part time lowers the level of potential pension contributions and affects the final fund size and income level.
- Lower average incomes: Low earnings are highly correlated with low pension income in later life. Levels of private pension wealth are linked to earnings when in work, while State Pension entitlement, for those who reached State Pension age (SPa) before the introduction of the new State Pension in April 2016, is partially linked to earnings. Many of those reaching SPa after April 2016 will still receive some earnings-related State Pension income until the old system is fully phased out.
- Lower pension contributions: Low or irregular private pension contributions, arising from lack of access to pensions, low earnings or time spent out of work, will negatively impact pension income by reducing the final fund size or entitlement level.

These factors are strongly correlated with one another. Because low-paid jobs tend to be less secure and often more short-term, many low-paid workers end up cycling between periods of low pay and time out of work. Both low earnings and time out of full-time work are associated with low or irregular private pension contributions.

Many people in underpensioned groups have more than one of the above labour market characteristics. The effect of having more than one characteristic, for example working part time and having low earnings, will compound the resulting reduction in pension savings.

In addition to this, poor labour market experiences can trigger housing inequalities which are also negatively correlated with standards of living in retirement. Levels of homeownership are lower among underpensioned groups, and many will still be renting throughout later life. This will mean higher housing costs, which will further erode their already low retirement incomes, as well as increasing the potential for housing insecurity.

The rest of this chapter explores the impact these factors have on retirement income in more detail.

Underpensioned groups are less likely to have any private pension savings, and among those who do have savings, levels of wealth and income are lower than the population average

With the exception of multiple jobholders, those in underpensioned groups are less likely to have any private pension savings at all, compared to the population average. Levels of private pension wealth in the years immediately prior to retirement among underpensioned groups are lower than population average, both for total groups and when only those with any private pension wealth are taken into account (Table 1.1).

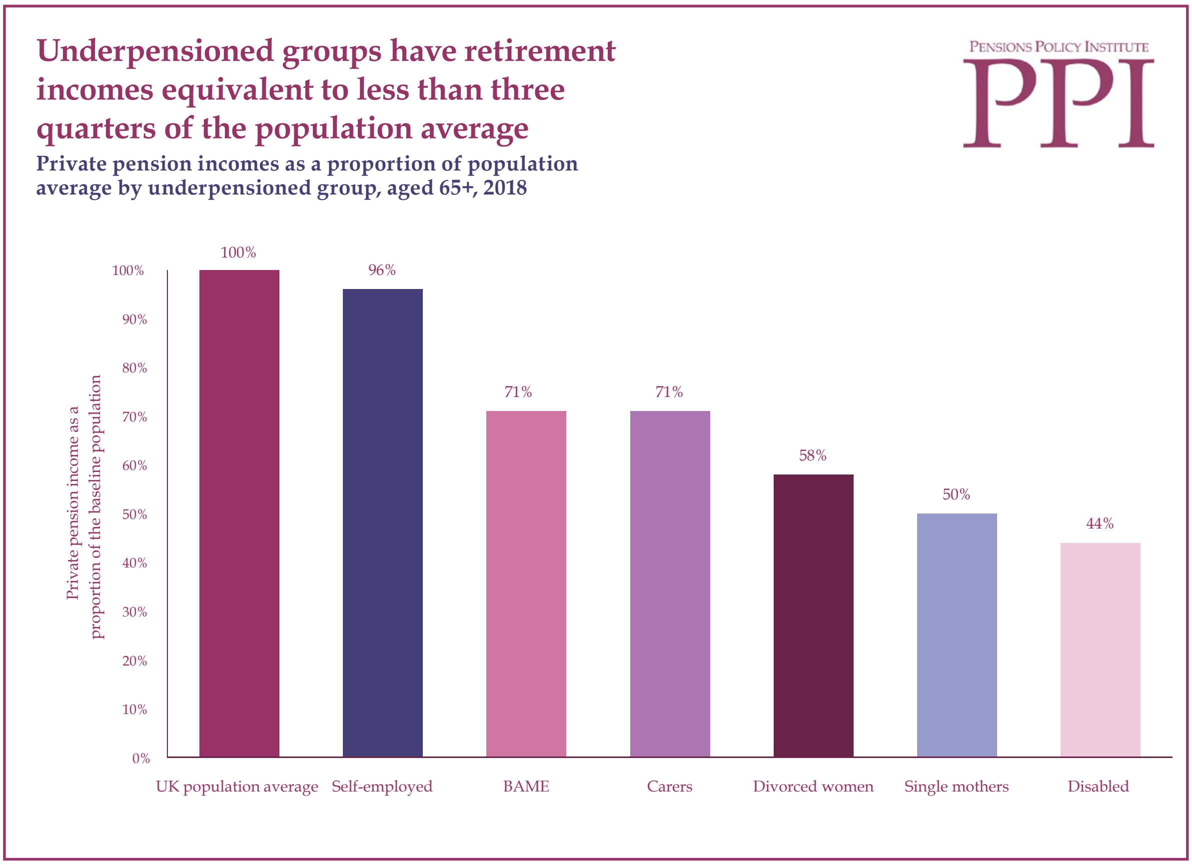
Table 1.1[9]

	Median private pension wealth	Proportion with private pension savings	Median private pension wealth among those with pension savings
Population average	£80,690	65%	£217,490
Single mothers	£18,310	55%	£140,400
Divorced women	£26,100	59%	£140,400
BAME	£0	42%	£189,900
Disabled people	£7,450	50%	£111,730
Carers	£29,800	53%	£180,620
Self-employed	£0	36%	£121,200
Multiple jobholders	£2,650	71%	£12,400

Among those currently aged over SPa, on average, carers and people from BAME backgrounds have private pension incomes that are just under three quarters of that of the wider population, while other underpensioned groups are at risk of experiencing even lower retirement incomes from private pension savings (Chart 1.1).

9 PPI (2020) *The Underpensioned Index*, includes Defined Benefit entitlement and Defined Contribution savings

Chart 1.1[10]

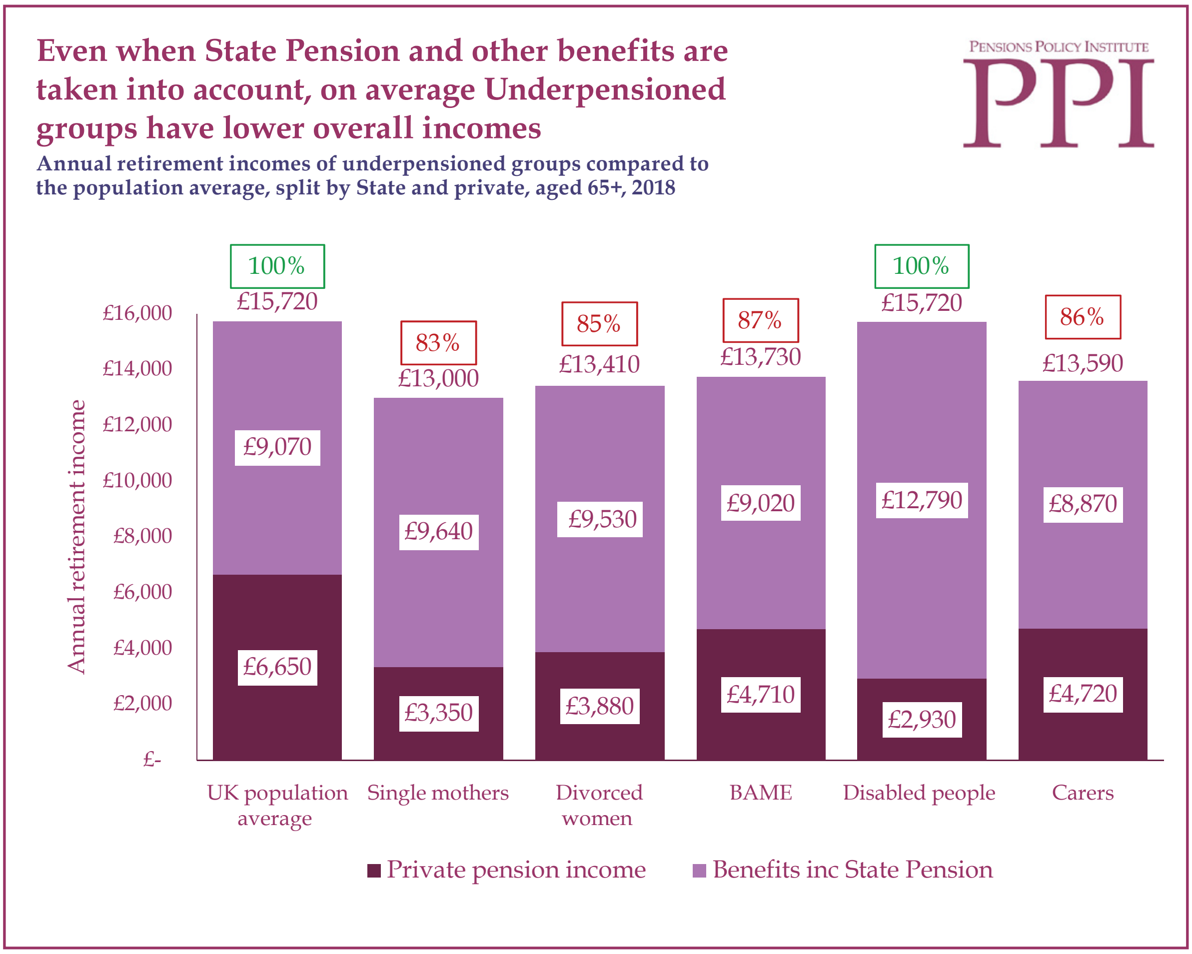


When income from the State Pension and benefits are considered alongside private pension income, the underpensioned gap is smaller. However, for most underpensioned groups currently aged over SPa, overall retirement incomes are still around 15% lower than those of the population average (Chart 1.2). The disabled group is the exception to this, with a higher level of entitlement to benefits bringing their overall income level up to the population average, though some of these benefits will be means tested which can introduce additional complications and may be eroded away by additional needs disabled people have. Additional benefit payments to meet the needs of disabilities are often spent on essential needs associated with disability and therefore cannot be considered as truly disposable income.[11]

10 PPI (2020) *The Underpensioned Index*

11 PPI (2020) *The Underpensioned Index*

Chart 1.2[12]



Conclusions

- Many people in underpensioned groups will experience lower standards of living in retirement as a result of labour market inequalities during working life
- Underpensioned groups are less likely to have any private pension savings, and among those who do have savings, levels of wealth and income are lower than the population average

12 PPI (2020) *The Underpensioned Index*

Chapter Two: How did the pandemic impact the retirement prospects of underpensioned groups in the short term?

This chapter explores the immediate impact that the COVID-19 pandemic has had on underpensioned groups, including employment, income, financial resilience and pension saving.

Working life inequalities and low levels of financial resilience that lead to certain groups being underpensioned in later life, mean that the pandemic has had a disproportionately negative effect on these groups

Over 2020, 38% (20 million) of adults saw their "financial situation overall worsen because of COVID-19, including 15% (7.7 million) have seen it "worsen a lot".[13] Those impacted the most are the self-employed, households with incomes below £15,000pa and BAME adults.[14] Labour market inequalities mean that underpensioned groups are disproportionately represented among those with low incomes.

There are a number of ways that the pandemic has impacted the financial situation of underpensioned groups in the short-term, including:

- Employment rates, levels of part-time employment and use of the Government's job retention scheme (furlough) have disproportionately affected these groups
- Income levels have dropped more for underpensioned people on average
- Financial resilience, including the ability to keep up with bills, savings and debt is lower among these groups and has led to more hardship as a result of the pandemic
- Underpensioned people have struggled more on average with affordability of - and individual saving behaviour relating to - pensions in particular during the pandemic
- Underpensioned groups may have found it more challenging to avoid accessing pension savings during the extreme investment volatility experienced during 2020

Time spent out of the labour market disrupts the consistency of pension contributions and is therefore likely to lead to poorer retirement outcomes for those in underpensioned groups who were disproportionately affected by negative labour market effects during the pandemic

Gaps in working history are usually correlated with gaps in pension contribution due to the absence of a workplace pension scheme and financial pressures caused by loss of income. On average, underpensioned groups experience greater disruption in their working lives, for example they are more likely to spend time out of the labour market or working part time. This has been compounded by the way in which underpensioned groups have been affected by unemployment and furlough during the pandemic, and has the potential to have a long-term impact on pension outcomes, especially if there is longer-term scarring on careers and job prospects.

13 FCA (2021b)

14 FCA (2021b)

Unemployment rates grew quickly in 2020, although the furlough scheme protected against more severe impacts on the labour market

A key economic impact of COVID-19 is the sharp rise in unemployment, which reached a peak of 5.2% in Q4 2020, from a low of 3.8% in Q4 2019.[15] Rates of economic inactivity also increased during the pandemic, from 20.5% in Q4 2019 to a peak of 21.4% in Q1 2021.[16] COVID-19 also led to many people being furloughed, going part time, or having to change jobs. While furlough has an impact on immediate income, the Government Job Retention Scheme has helped to protect against further increases in unemployment, protecting job security for the longer-term (Box 2.1).

Box 2.1[17]

On 20 March 2020 the Government announced the Coronavirus Job Retention Scheme. The purpose of the Scheme was to provide grants to employers to ensure that they could retain and continue to pay staff, despite the effects of the pandemic. The scheme initially covered 80% of an employee's wages (up to £2,500 per month), as well as employer National Insurance and pension contributions. There were several iterations and extensions over the course of 2020-21, with the scheme subsequently coming to an end in September 2021.

On average, underpensioned groups were more disadvantaged as a result of the impact of COVID-19 on employment, job prospects and income. This is because they are more likely to be affected by furlough and redundancies during the pandemic, as many work in the industries that have been most impacted by the public health restrictions such as retail, hospitality and tourism, or are in low-paid, part-time or irregular employment.

Despite labour market inequalities generally being negatively felt by women, men's employment and income levels have been harder hit by the pandemic

Between January-March 2020 and October-December 2020, women's employment fell by 1.5%, compared to a 2.2% decline in men's employment rates - although men's employment rates fell from a higher starting point so remained higher than women's overall.[18] Similarly, among those working for an employer at the end of February 2020, a higher proportion of men than women had their hours or pay cut between March and October 2020 (20% vs. 13% respectively). Marginally fewer women than men were furloughed or put on paid leave (26% vs. 28% respectively).[19]

Similar levels of men and women reduced their working hours to care for children or others, or stopped work to become full-time carers between March and October 2020 (4% men compared with 5% women). However, among single parents, 62% of whom are women, 9% had to reduce their hours or stop working to care for children or others over the same period.[20] Although there were limited gender differences when looking at the official reduction of working hours, during the peak of the pandemic and home-schooling, working mothers were more likely to be interrupted during paid working hours than fathers. Almost half (47%) of mothers' hours spent doing paid work were split between that and other activities such as childcare, compared with around a third (30%) of fathers' paid working hours.[21]

15 ONS (2021a)

16 ONS (2021b)

17 Ferguson (2021)

18 Francis-Devine (2021a)

19 FCA (2021c)

20 FCA (2021c)

21 IFS (2020)

People from BAME backgrounds were disproportionately affected by decreases in employment and income during the peak of the pandemic

15% of workers in sectors that were closed during the first lockdown (e.g. hospitality, leisure and non-essential retail) were from a BAME background, while BAME people comprise 12% of all workers.[22] Income of BAME employees reduced by 14% between February and July 2020, compared to a 5% decrease for white employees.[23] People from a BAME background experienced smaller declines in average hours worked during the pandemic, compared to people from a white ethnicity, as they were relatively less likely to be furloughed but relatively more likely to become unemployed at the start of the pandemic.[24] Employees from BAME backgrounds who had been furloughed were more likely to become unemployed subsequently. By September 2020, 22% of BAME workers who had been furloughed at any point had become unemployed, compared to 9% of all employees who had been furloughed.[25]

While the furlough scheme protected job security and income for many in employment, the self-employed were especially vulnerable during the pandemic

The Government Job Retention Scheme was announced in March 2020, days after the onset of the first lockdown. However, it took a little longer to develop a workable solution for those in self-employment and several iterations of the Self-Employment Income Support Scheme (SEISS) were put into practice between March 2020 and September 2021, when the scheme came to an end alongside furlough. People who had recently become self-employed prior to the start of the pandemic were especially vulnerable as eligibility for grants under the scheme were reliant on having submitted a Self Assessment tax return for the 2018/19 tax year, which included self-employment profits. Multiple jobholders who earn more than half of their income in employment and the rest in self-employment were also not eligible for the scheme.

There were some concerns that the targeting of support and strict constraints on eligibility for the SEISS left some self-employed excluded from help to mitigate loss of income resulting from the pandemic. 29% of self-employed workers said that while their profits had fallen as a result of the pandemic, they had not been eligible to receive a grant through the scheme.[26]

Consideration of the adequacy of current contribution rates and the coverage of automatic enrolment are an important component of efforts to mitigate the negative impact of labour market gaps on the retirement outcomes of underpensioned groups

With underpensioned groups being disproportionately impacted by disruption to employment patterns and pension contributions, it is even more vital to their future retirement outcomes to ensure that they are saving enough while in employment to help to mitigate these gaps. While automatic enrolment has increased pension participation among underpensioned groups, they are disproportionately likely to be found ineligible due to differences in labour market participation. Implementing the recommendations made by the 2017 Automatic Enrolment review will increase eligibility among underpensioned groups by:

- Lowering the age threshold for automatic enrolment from 22 to 18 years old, and
- Removing the lower limit of the ‘qualifying earnings band’ so that contributions are paid from the first pound earned.

Removing the lower limit for qualifying earnings will be especially beneficial for members of underpensioned groups on low incomes, who will receive a greater proportional boost to pension savings as a result. These changes are currently expected in the mid-2020s. However, introducing them as soon as possible will enable the pension savings of underpensioned groups that may have been negatively affected by the pandemic to recover more quickly.

22 Powell & Francis-Devine (2021)]

23 FCA (2021a)

24 Crossley, Fisher, Levell & Low (2021)

25 Resolution Foundation (2020)

26 Resolution Foundation (2021)

Among those who have been automatically enrolled, current minimum contribution levels are insufficient for most people to replicate working-life living standards in retirement. For members of underpensioned groups on low incomes, increasing employee contribution rates is likely to be unrealistic and mandating increases in the minimum could lead to increased opt out rates. However, reviewing the minimum contribution required by employers without the need for increased employee contributions, could have a substantial positive impact on the retirement outcomes of underpensioned groups.

Low levels of financial resilience among underpensioned groups have been exacerbated by the pandemic and may impact their ability to save for later life

On average, underpensioned groups have lower levels of financial resilience, which saw those on lower incomes less able to keep up with bills, more likely to run down savings and more likely to fall into debt during the pandemic

Overall, household savings have increased since the pandemic began. The Bank of England estimates that households built up more than an extra £125 billion in savings from March 2020 to November 2020, and this increased to over £200 billion by June 2021.[27] This increase in saving was largely driven by a fall in spending precipitated by consecutive lockdowns, with less opportunity to spend disposable income, as well as some efforts to build up emergency savings in the face of such an uncertain situation.[28]

However, there is evidence that low-income households were less able to save and more likely to run down savings than households with higher income. Between February 2020 and June 2021, 32% of people with income in the lowest income quintile experienced a fall in savings and 12% had a rise. 9% of people in the highest income quintile experienced a fall, while 47% had an increase in savings.[29]

Between February and October 2020, 11% of BAME consumers used their savings to cover loan repayments, compared to 5% of White consumers. Similarly, 26% of BAME consumers used savings for day-to-day expenses compared with 17% of White consumers, and 10% used savings to cover housing costs compared with 5% of White consumers. 23% of mortgage holders from a minority ethnic group deferred a mortgage payment, compared to 17% of mortgage holders from a White ethnic group. 32% of consumers from a minority ethnic group fell behind on bills or missed a payment during this period, compared to 15% of consumers from a White ethnic group.[30]

A third (31%) of BAME consumers fell behind on their bills as a result of the pandemic, compared to 12% of White consumers.[31] Almost a quarter (23%) of those with caring responsibilities fell behind on bill payments by July 2020, compared to 6% of people without caring responsibilities.[32] Of the total number who have fallen behind on bills as a result of the pandemic, 58% of people have caring responsibilities, equating to 3.5 million people, while 52% have a disability (3.1 million people).[33]

Women are less likely to be financially resilient (have savings to call on) than men. Prior to the pandemic (February 2020), 23% of women had low financial resilience, compared to 18% of men.[34] Women are more likely to have gone into debt as a result of COVID-19, and between January and December 2020, 60% of those who accessed debt advice through StepChange debt advice were women.[35] Parents have also faced more challenges in financial resilience during the pandemic. 30% of people with children aged five or under fell behind on bills between February and November 2020, compared to 14% of the broader adult population.[36]

27 Bank of England (February 2021)
28 Francis-Devine (2021b)
29 Handscomb, Henehan & Try (2021)
30 FCA (2021d)
31 Citizens Advice (2020a)
32 Citizens Advice (2020a)
33 Citizens Advice (2020a) - There is likely to be overlap between the two groups.
34 FCA (2021b)
35 StepChange (2020)
36 Citizens Advice (2020b)

Members of underpensioned groups are likely to need greater support to recover from the pandemic, in terms of catching up on missed bill payments, reducing debt levels and increasing savings back to pre-pandemic levels.

The Government Job Retention Scheme helped to minimise the impact of the pandemic on many pension contributions, but some people made individual decisions to cease or reduce contributions, while those who became unemployed will have experienced the greatest disruption to contributions

As well as protecting job security, the Government Job Retention Scheme minimised the impact of the pandemic on pension contributions for those who were furloughed

While employees were furloughed, employers were still required to pay pension contributions at least at minimum automatic enrolment contribution levels (3% for employer). From the beginning of the Job Retention Scheme in March 2020 until the end of July 2020, employers could claim a grant from the scheme to cover pension contributions up to the automatic enrolment minimum. From August 2020, employers had to cover the cost of pension contributions themselves, without assistance from the Job Retention Scheme. The requirement to continue paying pension contributions for furloughed staff has minimised the impact of the pandemic on pension contributions and eventual retirement outcomes for these individuals. However, while on furlough and receiving 80% of usual pay, pension contributions were based on this reduced level of income - so experienced a 20% reduction compared to pre-pandemic contributions. Those who became unemployed during the pandemic, rather than being furloughed, did not have the benefit of protected pension contributions and so are more likely to experience longer-term damage to pension pot value as a result.

Negative labour market effects and the uncertainty caused by the pandemic have impacted pension contributions in the short term

Members of underpensioned groups who found themselves out of work during the pandemic will have missed out on pension contributions during this time, although for those on furlough pension contributions were paid on 80% of salary, reducing the negative impact. As well as missed contributions caused by time spent out of work, some savers may have opted out of pensions, or, for those already enrolled, reduced or ceased contributing to their pensions in order to cover more immediate financial needs during the pandemic. Prior to the pandemic, opt out rates had stabilised at around 10%. Nest reported an increase in opt-out rates to 12-13% during the first half of 2020. However, by September 2020 its opt-out rates had returned to around 10% - suggesting this was a short-term trend.[37]

Among those who were contributing to a pension in February 2020, a larger proportion of men (12%) than women (9%) reduced their pension contributions during the pandemic. However, more women have ceased contributions altogether - 7% compared with 5% of men - while one in five men have increased pension contributions during the pandemic, compared with one in ten women.[38]

Short-term decisions about accessing pension savings during the pandemic are likely to impact sustainability of pension savings over the longer term

While many were able to postpone accessing their pension savings during the period of extreme volatility and uncertainty caused by the pandemic, underpensioned groups, who are more likely to be on low incomes, are likely to have found this more difficult

Those approaching, at or in retirement faced the most immediate impact of the pandemic on pension savings, during the period of extreme volatility the stock market faced during the first half

37 Nest (2021)

38 FCA (2021c)

of 2020. While experiencing significant asset price declines and volatility in the early months of the pandemic, pension funds appeared to fare better than stock markets in general. This is because funds are diversified to hold a range of assets, including both lower-risk assets, such as bonds, alongside more volatile equities – although the impact varied depending on members' proximity to retirement.

The prevailing view was that savers could benefit from delaying access to their pension pot for as long as possible in order to give it time to recover as much as possible, as well as making additional contributions to help restore pension pot values more quickly, if possible. The number of Defined Contribution (DC) pots accessed declined significantly in 2020, suggesting that savers were, understandably, cautious about accessing savings during a period of volatility. However, in practice these options would be more challenging for some savers than others. Those on lower incomes, as well as those who were furloughed (both of which were overrepresented among underpensioned groups), will find it harder to make additional contributions. In addition, they may have found it more difficult to postpone retirement in order to delay accessing their savings, as those on low incomes tend to have lower levels of non-pension wealth upon which they could draw in order to bridge the gap. They are also more likely to experience disability or long-term illness at younger ages that can make working longer harder.[39]

Short-term decisions made about whether or not to access pension savings during the peak of the pandemic can have a substantial impact on the sustainability of pension savings and the rate of income that can be drawn over the longer term. Those who were unable to postpone accessing their savings when the market was at its lowest are likely to have suffered more material losses, having locked in negative returns by making withdrawals, than those who were able to leave their savings more time to recover.

Conclusions

- **Time spent out of the labour market disrupts the consistency of pension contributions and is therefore likely to lead to poorer retirement outcomes for those in underpensioned groups who were disproportionately affected by negative labour market effects during the pandemic**
- **Low levels of financial resilience among underpensioned groups have been exacerbated by the pandemic and may impact their ability to save for later life**
- **The Government Job Retention Scheme helped to minimise the impact of the pandemic on many pension contributions, but some people made individual decisions to cease or reduce contributions, while those who became unemployed will have experienced the greatest disruption to contributions**
- **Short-term decisions about accessing pension savings during the pandemic are likely to impact the sustainability of pension savings over the longer term**

39 PPI (2019) *Living through later life*

Chapter Three: How might underpensioned groups be impacted over the longer term?

This chapter sets out the potential long-term consequences of the COVID-19 pandemic on underpensioned groups and their ability to achieve adequate retirement outcomes.

It remains to be seen what the longer-term impacts of the pandemic will be on policy, employment, investment and individual saving behaviours. Government and employers are still in the process of developing plans for economic recovery. This may impact taxation, employment and wage growth, all of which have the potential to negatively affect the affordability of retirement saving. Individual saving behaviours, such as opt-out rates and contributions, could also be impacted in the longer term, particularly if there are continued negative effects on employment and income.

This chapter outlines some of the potential longer-term impacts of the pandemic on underpensioned groups, including:

- The potential for increased unemployment following the end of the Government Job Retention Scheme
- The potential consequences of increases in remote and flexible working, both positive and negative
- The impact of changes to the State Pension Triple Lock, given that underpensioned groups are likely to more heavily dependent on State Pension income in retirement
- The long-term impact on health and life expectancy

Most underpensioned groups have experienced an increase in income between March 2020 and March 2021, suggesting that economic recovery has already begun, but longer-term impacts are less clear

The labour market appears to be recovering well as more of the economy opens back up. By September 2021, the number of UK adults in employment had returned to pre-pandemic (February 2020) levels.[40] By March 2021, most groups had already seen a significant increase in average income compared to March 2020 (Charts 3.1 and 3.2).

40 ONS (2021c)

Chart 3.1[41]

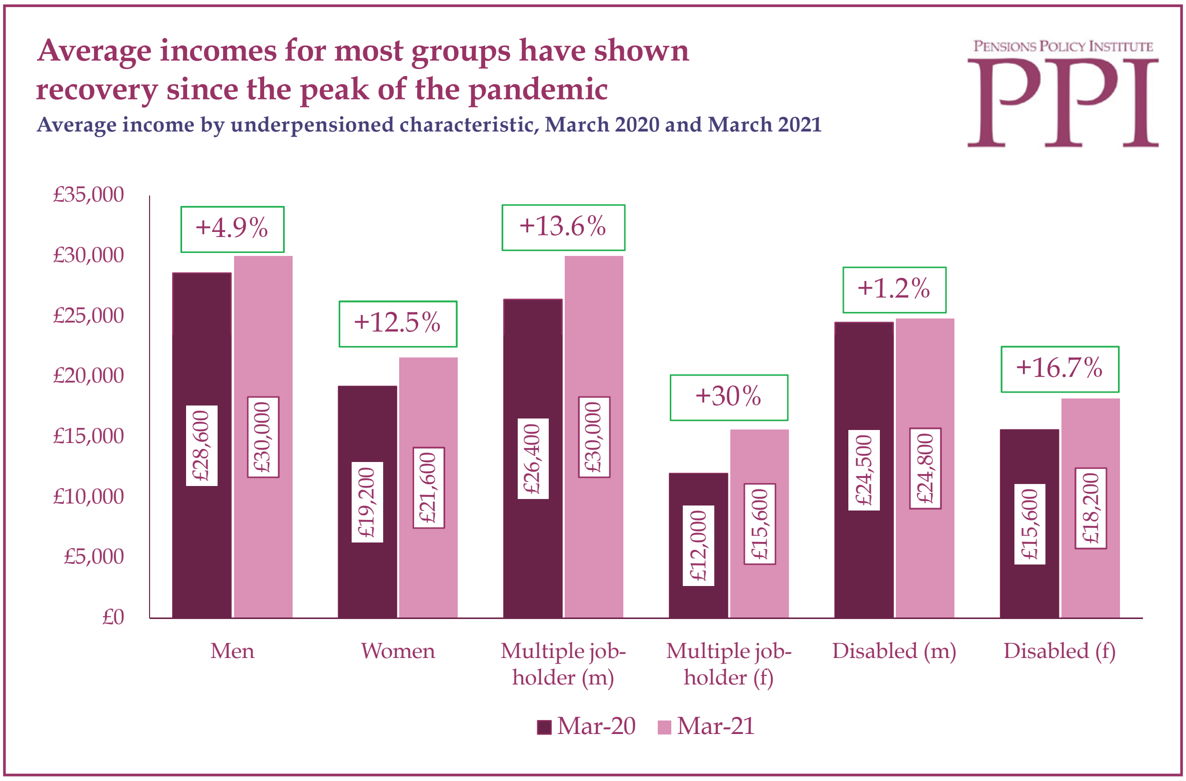
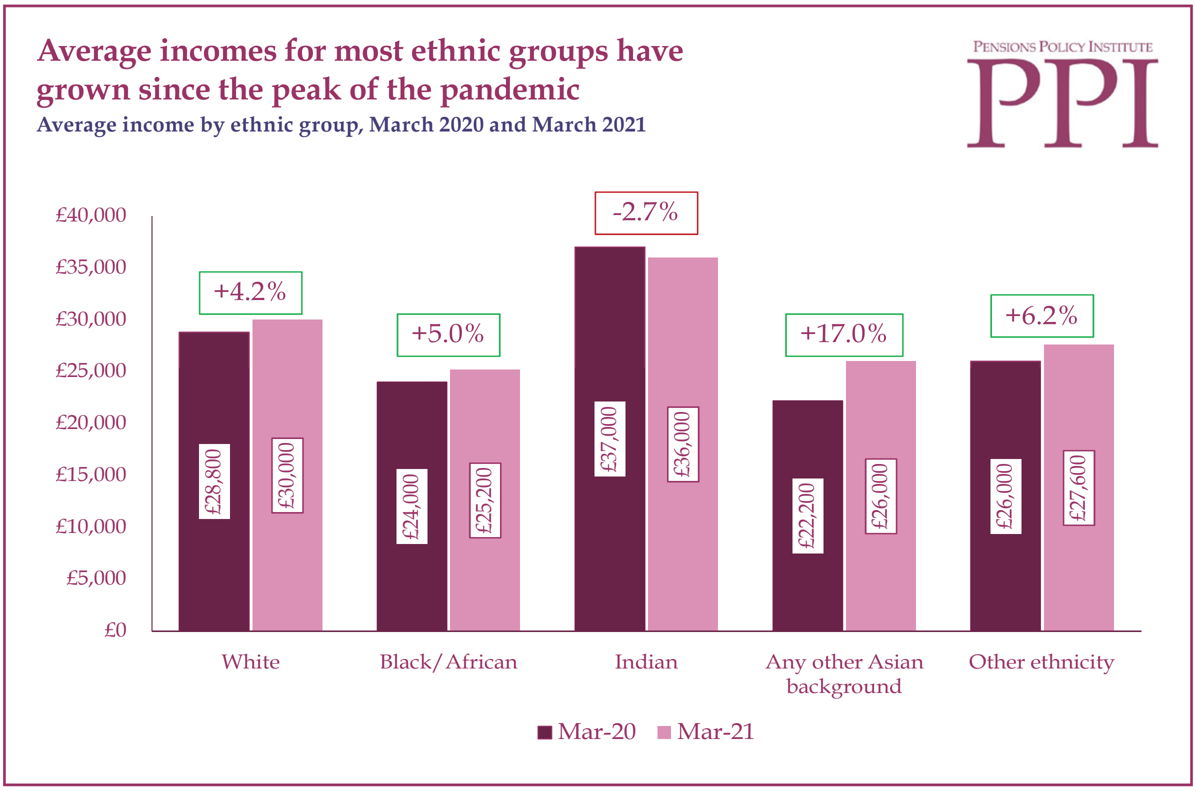


Chart 3.2[42]



41 PPI analysis of Labour Force Survey (LFS)

42 PPI analysis of LFS

While economic recovery appears to be moving in the right direction, the end of furlough could lead to increases in unemployment and reductions in income moving forward, which could increase inequality of retirement outcomes in future

Palliative policies which helped to minimise the negative impact for many in underpensioned groups during the peak of the pandemic are no longer in place. However, the long-term labour market effects of the crisis continue to disproportionately disadvantage underpensioned groups, which may mean that the gap between average retirement outcomes and those of underpensioned groups will increase for those affected.

While the Government Job Retention Scheme has helped to support job security during the peak of the pandemic, it remains to be seen how employment rates may change now that the scheme has come to an end. While the scheme ended in September 2021, data on how this has impacted unemployment rates remains limited. 1.14 million employees remained furloughed by the end of the scheme, but, given that there was a requirement for increasing employer contributions towards the end of the scheme, it is unlikely that all of these will be made unemployed, else employers would likely have made these workers redundant prior to the increases in required employer contributions to salary. There are, however, likely to be some further redundancies, perhaps particularly in sectors that are still affected by Government restrictions, such as international travel.

While employment rates and incomes have largely returned to pre-pandemic levels, potential longer-term impacts on economic growth could have a negative effect on employment rates and wage growth in years to come. Members of underpensioned groups are especially concerned about the impact this may have on their career progression moving forward. Half (50%) of employed BAME women and 43% of employed white women say they are worried about their job or promotion prospects due to the pandemic, compared with 35% of employed white men.[43]

In order to avoid greater gaps in retirement outcomes in future, Government benefits policies will be most effective if they take into account the enhanced difficulties underpensioned groups may face in relation to finding secure employment during the economic recovery. It will be important to ensure that working-age benefits provide sufficient income and support to protect underpensioned groups from an erosion of financial resilience during periods of unemployment or less secure employment, for example through difficulties keeping up with bills, run down of savings and greater likelihood of increased debt.

Increased flexibility in remote work and non-standard work patterns has the potential to positively affect some underpensioned groups, especially women, carers and disabled people, although there could be some negative longer-term effects that have not yet materialised

The Underpensioned Index (2020) identified that for some underpensioned groups, especially mothers, carers and the disabled, labour supply issues may make policies aimed at increasing employment rates more challenging in practice. Policies aimed at increasing accessibility in the workplace and providing more flexible working arrangements could help to alleviate lower levels of employment among these groups.

During the pandemic, working from home has become the norm rather than the exception for many sectors of employment. During the first lockdown, around half of employed individuals worked from home.[44] Prior to the pandemic, flexibility based on the employee's needs and preferences was relatively inaccessible for many, with just 6% of employees based primarily from home in 2017 and 27% with some form of flexible work arrangement.[45] The need for flexibility is even more challenging for those looking to progress in their career, as finding a new role that offers flexibility is especially hard - with just 15% of job adverts in 2019 offering flexible working options, and many of these concentrated in lower paid roles. Before the pandemic, eight in ten working mothers expressed that they felt trapped in their current role by the lack of flexibility offered in other jobs.[46]

43 Fawcett Society (2020b)

44 ONS (2020)

45 CIPD (2019)

46 People Management (2019)

Flexibility around working hours and location could help people in underpensioned groups, especially women and carers, to balance paid work with unpaid care work and labour in the home. However, there are concerns that permanent home working could lead to challenges for career progression which may need to be monitored over the longer term in order to fully understand the impact.[47] Any policy initiatives aimed at encouraging greater employment flexibility on a longer-term basis would need to consider these challenges.

Gender differences in divisions of labour when working from home (such as mothers' paid working hours being more likely to be disrupted by childcare responsibilities, as described in Chapter Two) have the potential to hinder progress to close the gender pay gap if performance is impacted.[48] Performance is also a key factor in consideration of redundancies, but only a minority of organisations have policies in place that assess the impact of caring responsibilities or ill-health during the pandemic.[49] A better understanding of how labour market changes impact retirement outcomes of underpensioned groups over the long term will enable policies to be designed that most effectively support these groups to achieve better retirement outcomes.

Changes to the way that the State Pension is uprated may have a disproportionate impact on members of underpensioned groups who are likely to be more heavily dependent on State Pension income in retirement

Policies regarding uprating of the State Pension should take into account the increased level of reliance underpensioned groups have on these benefits for retirement income, and the disproportionate impact changes to uprating mechanisms may therefore have on underpensioned groups.

The Triple Lock, the mechanism by which the State Pension is uprated each year, has been suspended for 2022-23. In ordinary circumstances, under the Triple Lock, State Pension income is uprated by the higher of inflation (measured by the Consumer Prices Index (CPI)), earnings increases or 2.5%. For 2022-23, the State Pension will be uprated by the higher of inflation or 2.5% - which means that State Pension payments will be increased by 3.1%, in line with CPI.[50]

This is a temporary suspension in response to wage inflation resulting from the end of the furlough scheme. However, there are concerns that this could lead to more permanent changes in future, as there have been debates about the sustainability of the Triple Lock for some time. Any permanent changes to the way that State Pension is uprated would have a disproportionate impact on members of underpensioned groups are likely to be more heavily dependent on the State Pension for income in retirement. Current retirees in underpensioned groups receive a higher proportion of their retirement income from the State Pension and benefits, compared to the population average (Table 3.1). Longer-term changes to the Triple Lock would need to take account of equality issues which may arise as a result.

Table 3.1[51]

	Proportion of retirement income from State Pension and benefits
UK population average	58%
Single mothers	74%
Divorced women	71%
BAME	66%
Disabled	81%
Carers	65%

47 Women and Equalities Committee (2021)

48 IFS (2020)

49 Karian & Box in partnership with the Global Institute for Women's Leadership (GIWL) (2020)

50 For more information on the way in which changes to uprating can impact State Pension income and costs, see PPI Briefing Note 123: What does COVID-19 mean for the triple lock and State Pension inflation?

51 PPI (2020) *The Underpensioned Index*

The longer-term effects of COVID-19 on health and life expectancy are likely to impact the sustainability of pensions, as well as the length and quality of retirement for some people

It is currently expected that, in addition to the loss of life in the short term, the pandemic could have a negative effect on health and life expectancy in the longer term. COVID-19 is considered likely to become endemic, resulting in further loss of life in future winters. The long-term toll on the NHS of the pandemic is shown in the non-COVID-19 patient backlog that has risen to more than four million. The high projected level of unemployment is also expected to feed through in higher demands on health services.[52] While there is a positive effect on future mortality rates following the very significant breakthroughs in vaccine development as a result of COVID-19, this could be small in comparison to other issues faced by the UK health system. As a result, some actuaries are projecting a seven-month reduction in the life expectancy of a typical 65-year-old. People from BAME groups, who are disproportionately affected by the virus, may face higher than average levels of impact on life expectancy.[53]

Conclusions

- Most underpensioned groups have experienced an increase in income between March 2020 and March 2021, suggesting that economic recovery has already begun, but longer-term impacts are less clear
- While economic recovery appears to be moving in the right direction, the end of furlough could lead to increases in unemployment and reductions in income moving forward
- Increased flexibility in remote work and non-standard work patterns has the potential to positively affect some underpensioned groups, especially women, carers and disabled people, although there could be some negative longer-term effects that have not yet materialised
- Changes to the way that the State Pension is uprated may have a disproportionate impact on members of underpensioned groups who are likely to be more heavily dependent on State Pension income in retirement
- The longer-term effects of COVID-19 on health and life expectancy are likely to impact the sustainability of pensions, as well as the length and quality of retirement for some people

52 McIvor (2020)]

53 FCA (2021)

Appendix: Data analysis tables

The following tables were created by the PPI by performing analysis on the Labour Force Survey data sets representing the first year of the Covid 19 pandemic. To compare the impact over the first year of the pandemic, the baseline dataset used was the January-March 2020 dataset, then comparing outcomes in the January-March 2021 dataset. The analysis is measuring overall circumstances at each date rather than trends of individual experiences, so cross-sectional analysis is used rather than longitudinal.

The analysis was performed in themed cuts examining the changing circumstances for groups of interest.

Results by gender

Table A1: Working pattern of employees 2020-2021 by gender

	March 2020		March 2021	
	Full-Time	Part-Time	Full-Time	Part-Time
Male	89%	11%	90%	10%
Female	60%	40%	64%	36%

Table A2: Median salary of employees by gender

	March 2020	March 2021
Male	£28,600	£30,000
Female	£19,200	£21,600

Table A3: Proportion of employees who reach the earnings level for AE eligibility by gender

	March 2020	March 2021
Male	93%	94%
Female	78%	82%

Results for women by marital status

Table A4: Working pattern of female employees by marital status, 2020-2021

	March 2020		March 2021	
	Full-Time	Part-Time	Full-Time	Part-Time
Single, never married	65%	35%	71%	29%
Married, living with spouse	55%	45%	58%	42%
Married separated from spouse	57%	43%	58%	42%
Divorced	64%	36%	65%	35%
Widowed	61%	39%	56%	44%

Table A5: Median salary of female employees by marital status, 2020-2021

	March 2020	March 2021
Single, never married	£18,200	£21,476
Married, living with spouse	£20,384	£22,048
Married separated from spouse	£17,004	£18,252
Divorced	£18,772	£19,448
Widowed	£19,812	£18,980

Table A6: Proportion of women who reach the both the earnings and age level for automatic enrolment eligibility, 2020-2021

	March 2020			March 2021		
	Full-Time	Part-Time	All	Full-Time	Part-Time	All
Single, never married	96%	34%	74%	98%	36%	80%
Married, living with spouse	97%	63%	82%	98%	65%	84%
Married separated from spouse	94%	47%	74%	96%	61%	81%
Divorced	97%	50%	80%	98%	55%	83%
Widowed	100%	45%	79%	100%	49%	77%

Table A7: Increase in number of women eligible for AE if the trigger is removed ('000s of women)

	March 2020			March 2021		
	Full-Time	Part-Time	All	Full-Time	Part-Time	All
Single, never married	101	841	942	67	807	875
Married, living with spouse	97	1,054	1,151	72	877	949
Married separated from spouse	18	121	140	10	66	76
Divorced	22	232	254	17	207	224
Widowed	0	48	48	0	50	50
All	238	2,297	2,534	165	2,008	2,173

Results by whether disabled or not[54]

Table A8: Working pattern of male employees 2020-2021 by disability status

	March 2020		March 2021	
	Full-Time	Part-Time	Full-Time	Part-Time
Not Disabled	90%	10%	91%	9%
Disabled	85%	15%	84%	16%

Table A9: Working pattern of female employees 2020-2021 by disability status

	March 2020		March 2021	
	Full-Time	Part-Time	Full-Time	Part-Time
Not Disabled	62%	38%	66%	34%
Disabled	52%	48%	58%	42%

54 The definition of disability used in the Labour Force survey is that defined in the Equality Act 2010.

Table A10: Median salary of male employees by disability status

	March 2020	March 2021
Not Disabled	£29,380	£30,212
Disabled	£24,492	£24,804

Table A11: Median salary of female employees by disability status

	March 2020	March 2021
Not Disabled	£20,020	£22,204
Disabled	£15,600	£18,200

Table A12: Proportion of male employees who reach the earnings level for AE eligibility by disability status

	March 2020	March 2021
Not Disabled	93%	94%
Disabled	89%	90%

Table A13: Proportion of female employees who reach the earnings level for AE eligibility by disability status

	March 2020	March 2021
Not Disabled	80%	83%
Disabled	71%	76%

Results by ethnicity

Table A14: Working pattern of male employees 2020-2021 by ethnicity

	March 2020		March 2021	
	Full-Time	Part-Time	Full-Time	Part-Time
White	90%	10%	90%	10%
Mixed/Multiple ethnic groups	86%	14%	87%	13%
Indian	96%	4%	92%	8%
Any other Asian Background	80%	20%	89%	11%
Black/African/Caribbean/Black British	88%	12%	89%	11%
Other ethnic group	92%	8%	84%	16%

Table A15: Working pattern of female employees 2020-2021 by ethnicity

	March 2020		March 2021	
	Full-Time	Part-Time	Full-Time	Part-Time
White	60%	40%	64%	36%
Mixed/Multiple ethnic groups	65%	35%	72%	28%
Indian	60%	40%	67%	33%
Any other Asian Background	62%	38%	61%	39%
Black/African/Caribbean/Black British	63%	37%	66%	34%
Other ethnic group	63%	37%	62%	38%

Table A16: Median salary of male employees by ethnicity

	March 2020	March 2021
White	£28,808	£30,004
Mixed/Multiple ethnic groups	£30,004	£42,016
Indian	£36,972	£35,984
Any other Asian Background	£22,204	£26,000
Black/African/Caribbean/Black British	£24,024	£25,220
Other ethnic group	£26,000	£27,612

Table A17: Median salary of female employees by ethnicity

	March 2020	March 2021
White	£19,188	£21,268
Mixed/Multiple ethnic groups	£18,460	£29,016
Indian	£21,580	£29,016
Any other Asian Background	£20,020	£19,188
Black/African/Caribbean/Black British	£21,476	£20,020
Other ethnic group	£21,580	£26,988

Table A18: Proportion of male employees who reach the earnings level for AE eligibility by ethnicity

	March 2020	March 2021
White	93%	94%
Mixed/Multiple ethnic groups	91%	88%
Indian	97%	98%
Any other Asian Background	85%	92%
Black/African/Caribbean/Black British	93%	91%
Other ethnic group	92%	97%

Table A19: Proportion of female employees who reach the earnings level for AE eligibility by ethnicity

	March 2020	March 2021
White	78%	82%
Mixed/Multiple ethnic groups	75%	83%
Indian	80%	84%
Any other Asian Background	74%	79%
Black/African/Caribbean/Black British	78%	78%
Other ethnic group	79%	84%

Employees with multiple jobs

Table A20: Median salary for male employees in main job by number of jobs held

	March 2020	March 2021
One job	£28,600	£30,004
Multiple jobs	£26,416	£30,004

Table A21: Median salary for female employees in main job by number of jobs held

	March 2020	March 2021
One job	£19,500	£21,580
Multiple jobs	£12,012	£15,600

Table A22: Proportion of employees with multiple jobs who reach the earnings level for AE eligibility when considering just the first job earnings or total earnings

		Only first job earnings		Counting total earnings	
		Mar-20	Mar-21	Mar-20	Mar-21
Men	AE eligible	85%	77%	92%	99%
	Not AE eligible	15%	23%	8%	1%
Women	AE eligible	58%	66%	82%	83%
	Not AE eligible	42%	34%	18%	17%
Total	AE eligible	68%	71%	85%	89%
	Not AE eligible	32%	29%	15%	11%

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